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ALLEGED ASSASSINATION THREATS AGAINST OFFICIALS

Special Protective Measures

Athens ETHNOS in Greek 11 Jun 83 p 2

[Article by P. Sombolos]

[Text] Special security measures have been taken since yesterday, 10 June, by police authorities in the Attiki basin following information that assassinations of public personalities are imminent over the weekend, 11-12 June, or on the following days in Athens.

The information furnished to our country's security authorities--according to journalistic information--reports that: Terrorists who have come to Athens from a foreign country, a European country, will assassinate a certain person or certain personalities. They may act in the next few days.

After receiving this information and evaluating it, they immediately informed the secretary general of the Ministry of Public Order, Takis Anagnostopoulos, who is acting for the minister, Giannis Skoularikis, who is in Bonn.

Mr. Anagnostopoulos went to Kastri and briefed Prime Minister Andreas Papandreou. It is reported that this occurred on the evening of 9 June.

A short time later a conference was convened at the Ministry of Public Order which was presided over by Mr. Anagnostopoulos. Taking part were the leaders of the gendarmerie, Chief Manolis Brillakis, and of the cities police, Giannis Nitsos, as well as the chief of the security service (YPEA). It is reported that the chief of KYP [Central Intelligence Service] was also present.

The whole issue was discussed at the conference and certain decisions were made. According to the same information, the following were among the things decided:

1. To keep watch, night and day, on the houses of President of the Republic Konstandinos Karamanlis, Prime Minister Andreas Papandreou, the leader of the official opposition, Evangelos Averof, as well as other public personalities.

Patrols

2. There will be very frequent patrols around the "watched targets," such as the houses of ministers, party leaders, foreign ambassadors in Athens and the suburbs, and at all the embassies and consulates, etc.

3. All the R and R for gendarmerie and cities police personnel who serve in Attiki basin police services is to be revoked.

Implementation of these measures began yesterday morning with messages transmitted from gendarmerie and cities police headquarters to the directorates, security sub-directorates and other appropriate services.

A special weight has fallen on the security services whose personnel are patrolling in plain clothes at the "watched" and other targets.

The police cars are carrying far more armament than normal so as to successfully deal with any terrorist attack.

Since we also have the precedent of the trapped car exploding in Palaio Psykhiko, car-rental offices are being checked in case any car is leased by a suspicious person, foreign or Greek.

It is not known how long the special security measures will be in force. At any rate, over the weekend mobilization will be strict in all the echelons of the gendarmerie and cities police.

Government Denial Doubted

Athens AKROPOLIS in Greek 12 Jun 83 pp 1,16

[Text] The security corps' stand-by was continued on 11 June. It had been ordered 48 hours previously, following YPEA [National Security Service] and police information that foreign extremists and terrorists have come and are preparing to act in our country.

The strict security measures were decided on in a conference which took place in Kastri and after the prime minister was informed that the terrorists' target will be political personalities.

The government and police tried to deny the information. Nevertheless, as AKROPOLIS is in a position to know from information coming from excellent sources, a limited general alert in the security corps had been ordered, as well as strict measures for protection of eminent persons, but not overtly.

According to this information, which allows no doubt because of its source, the measures were deemed necessary since fears were expressed for the life of political personalities.

Denials

Despite this fact, in answer to a related question of AKROPOLIS, the secretary general of the Ministry of Public Order, Mr. Anagnostopoulos (the minister, Mr. Skoularikis, is away from Greece) maintained on 11 June that: "No special measure has been taken. In recent days we have had no information about possible extremist action."

Mr. Anagnostopoulos admitted, at any rate, that "a conference had taken place," but it was--he said--a "routine" conference.

The news about special security measures being taken and about the alert were "categorically" denied by Athens General Police Chief Bosinakis. He said: "We do not have any information about a threat to the life of political persons or about any other action of extremists. On our part, we have not taken any special measure."

Despite all the denials, and according to the most reliable information of AKROPOLIS, they had been reinforced--particularly all day yesterday--and increased outside of political leaders' houses, around foreign embassies and diplomatic missions, especially of Arab countries. And the same measures will be in force, undiminished, at least until tomorrow.

Mr. Maroudas

Deputy Press Minister Maroudas, referring to the information that a stand-by of the security corps has been ordered, said that he communicated with the Ministry of Public Order and they gave him the information that no such thing is happening.

To the question, then, of why increased measures of vigilance have been taken by the Athens Police Directorate and Suburbs Security, he answered that the police have a clear mission and, in its framework, are acting according to their judgement.

9247

CSO: 3521/353

DEMARCHE TO SYRIA FOR RETURN OF APO TERRORISTS

Istanbul CUMHURIYET in Turkish 22 Jun 83 p 1,11

[Passages enclosed in slantlines printed in boldface]

[Text] ANKARA (CUMHURIYET BUREAU) - Following the news that some Turkish terrorists had fled to Syria, a diplomatic demarche was made to the Syrian government.

In the course of that demarche it was learned that Syria gave Turkey guarantees that there was no question of such a situation.

In a news item published by an Istanbul paper recently it was claimed that there were some Turkish terrorists in Syria and that the APO leader /Abdullah Ocalan/ who is currently abroad, was also active in that country. It was also claimed the Abdullah Ocalan was working in Syria under the orders of the Secret Service.

At the press briefing held yesterday, upon mention of the foregoing news, the Foreign Affairs spokesman ambassador /Nazmi Akiman/ said /"We made the necessary demarche concerning this matter."/ Akiman added /"The Syrian government gave us assurances that there was no question of such a thing."/

The spokesman noted that /"The demarche was made within the past two days."/ According to the information obtained, the demarche took the form of a summons to the Syrian ambassador in Ankara to the Ministry of Foreign Affairs.

After giving out this information Nazmi Akiman said /"I want to remind you of the words of our Minister, in the declaration he made after his trip to Syria at the end of March."/ Subsequently, the spokesman read the minister's declaration.

In that declaration /Turkmen/ said a unanimity of view had been reached regarding the prevention of activities which could harm security and stability as a prerequisite for neighborly relations. Turkmen stated that, furthermore, contacts were being continued for an effective cooperation on this question.

12278

CSO: 3554/352

DSI ON ECONOMIC BURDEN OF DAM BUILDING DELAY

Istanbul DUNYA in Turkish 9 Jun 83 p 3

[Report on statement by DSI General Director Refik Akarun at "Engineering Services" seminar; date not given]

[Text] Ankara (DUNYA) -- State Hydraulic Affairs [DSI] General Director Refik Akarun said, "Delays in building dams and hydroelectric powerplants are leading to idle investment money and are a drag on the national economy."

Speaking at the "Engineering Services" congress sponsored by the TMMOB [Turkish Union of Chambers of Architects and Engineers], Akarun said it was necessary for problems cropping up in dam construction to be resolved on the spot to keep the work in progress without interruption. Refik Akarun said in his speech at the seminar:

"Dam construction takes place in fits and starts, and this upsets the economy of the job. This is a matter that local and inexperienced firms in particular do not know how to do. It is very important to have experienced project men at the worksites who can resolve immediately the problems encountered during construction and keep the work in progress without interruption. Dams and hydroelectric powerplants have a singular importance as to their contribution to the national economy. Because they require large investments, the failure to obtain the expected benefits if the work is delayed, in addition to the fact that the investment lies idle, place too great a burden on the national economy."

Calling for a change in the security system to conform to those in Western nations to prevent delays in dam construction, Akarun said, "It would be beneficial to establish an insurance institution to guarantee completion of the job on time and, should any hitch or delay occur, replacement of the contractor if necessary."

Indicating that inconsistency in the contract market in our country and an unstable labor supply prevented firms from gaining expertise in specific areas, Refik Akarun added:

"Dam construction, as opposed to other kinds of construction, takes 8 to 10 years to complete. Because of the drive to make so many new dam starts after 1980, many firms which had previously had nothing to do with building dams shifted to this area. Contract price reductions have risen to high levels in recent years and this, too, is a reflection of the inability to complete jobs on time. This is a serious situation which is leaving firms without work, putting them in a difficult position."

Eren Ozol, chief of the Machine and Chemical Industry Office of Machinery Manufacture who presented a paper to the congress on "Invention Engineering and Design in Machinery Manufacture," said that "engineering firms involved in invention engineering and design should be given tax breaks and incentives." Indicating that monetary support for invention engineering and design would be possible, Ozol [said]: "A fund should be formed out of the general budget to allow state support to be channeled. In matters of invention engineering and design on the basis of requests coming from members of the Union of Chambers, State Planning Organization approval should be obtained, the required assistance should be given and arrangements should be adopted to ensure State Planning Organization oversight."

8349

CSO: 3554/325

ARAB INVESTORS BUYING SHARES OF GERMAN INDUSTRY

Hamburg DER SPIEGEL in German 4 Jul 83 pp 59-62

[Article: "Stockholders--Highly Discretionary"]

[Text] Near Eastern investors, especially of Kuwait, are purposefully buying up shares in German corporations.

Wolfgang Otto, bond manager of Commerzbank, advised colleagues in other banks they should buy stocks from Dresdner Bank rather than his own bank--the rumors about Commerzbank should have to be stopped.

The bankers around Walter Seipp have become nervous. The Commerzbank boss is still trying to figure out who has been buying up the bank's shares for weeks only to present himself then, in Frankfurt, as a large new shareholder.

They could once again be Kuwaitis. Stock exchange experts claim to know that the investors of that oil-rich sheikdom own one-fifth already of the Commerzbank capital.

The Kuwaitis have shown increasing interest in German industry in recent years. They were unfortunate, to be sure, with their 30-percent share in Korf Stahl AG because that company meanwhile entered a fusion bankruptcy, but otherwise the Kuwaitis proved smart investors.

Most of the time they proceed quite inconspicuously. The boss of Hoechst, Rolf Sammet, first did not know either who it was that wanted to come into his chemical corporation as a new shareholder. Meanwhile, as Sammet announced at the last board meeting, the oil state Kuwait has bought nearly one-fourth of the Hoechst shares.

Sammet knew even more still: the "clever and cooperative" Kuwaitis also had gotten into the Volkswagen corporation. In fact it seems that the secretive investors now are the third largest shareholder in the Wolfsburg corporation, with circa 10 percent, following the Federation and Lower Saxony (20 percent each).

And these investments do pay. For 24.9 percent of the Hoechst stock the Kuwaitis only paid DM 1.4 billion. The VW package cost the Gulf states some 300 million. Already, both investments are worth half a billion more today.

The Arabs could buy so favorably only because the German stock exchange had an unreal existence for years until the fall of 1982. Already in the late 1970's the Kuwaitis' British advisors had found out that the shares of German top corporations, measured against their substantive values and export successes, were being traded at far lower rates than those of comparable firms in the United States and Japan.

The buyers, finally, also found the game easy because in the last 4 years more and more disappointed private customers gave up their investment shares which their bank advisors first had praised so much. Stock fund savers returned shares to banks and savings institutions at more than DM 2.8 billion. That induced the managers of investment funds into forced or emergency sales at the stock exchange and depressed the rates.

Foreign investors also could get much out of the German money corporations. Except for Deutsche Bank, almost all other credit institutions had lost by speculation in the high interest phase through credit at firm rates and firm-interest stocks so that the bank managers could balance their gigantic losses only by selling valuable stock packages.

The first to act were the oil minister and issuing bank chief of the OPEC state Kuwait, ruled since 1756 by the Sabbah hierarchy. They bought up the first stock packages with the assistance of the Near Eastern experts of the British Investment Bank, Morgan Grenfell, and the Swiss firm Lombard, Odier & Cie.

When Wolfgang Roeller, board member of Dresdner Bank, late in 1974, had sold the Kuwaitis a 14-percent Daimler package owned by the Quandt family for DM 1.1 billion, the Kuwaitis first turned the number two of the German banking business into their own house bank. Dresdner Bank, among other things, got the Kuwaitis their share in Korf and two other stock packages of Frankfurter Metallgesellschaft for circa DM 320 million.

For their next large purchase, the petro-billionaires from Kuwait then, to the chagrin of Dresdner Bank, resorted to the services of the competitor, Commerzbank. Number three of the large private money corporations first so skillfully bought Hoechst shares that neither Dresdner Bank nor Hoechst boss Sammet had any idea. Not till the fall of 1981 the banking business was taken aback. "When a bank grabs all the material in so targeted a fashion," Friedrich Wilhelm Christians of Deutsche Bank said, "one can easily suspect Near Eastern purchases."

Undeterred, stock exchange experts at Commerzbank often ordered for several successive days Hoechst stock at blocks between 50,000 and 150,000 shares. Competitors, threatened by such dislocation, were glad to surrender their stock. They also were successful in approaching insurances and investment funds. For Hoechst packages of more than 300,000 shares Commerzbank finally offered up to DM 2 above par. Investment funds, seeking to stem high fund returns eagerly let their stock go.

At the same time, the Kuwaitis had Hoechst stock inconspicuously bought up at the banking and exchange centers of London, Luxembourg and Zurich. Especially the Luxembourg subsidiaries of large German and Landesbanks helped them in it.

The Luxembourg managers of Bayerische Landesbank bought so much chemistry stock that their chief buyer was called "Count Hoechst of Luxembourg" by his colleagues.

Wanted are not only chemical stocks but all first-rate German financial and industrial shares. On top of the shopping lists one finds Allianz, Daimler-Benz, Deutsche Bank, Linde, BMW and Siemens.

The newly rich investors are banking on further export successes by the Germans. "Our Arab oil suppliers," Hans-Otto Thierbach of Deutsche Bank realized, "figure German industry has good chances." The Saudis invested more than DM 25 billion from their oil surplus in private German banks. Another DM 12 billion flowed back to Germany from Kuwait, Qatar and the United Arab Emirates.

As Hamburg's Nah- und Mittelost-Verein has figured out, the six most important Arab OPEC countries had amassed at the start of the year \$ 365 billion in surplus. And that concentrated only on a few countries, mainly Saudi Arabia with 168, Kuwait with 88 and the United Arab Emirates with 48 billion.

Circa 70 percent of the OPEC wealth, at a DM 920 billion conversion rate, is placed in dollar investments. The portion of DM investments was given by banker Thierbach, chairman of the Nah- und Mittelost-Verein, as between 8 and 9 percent. This means that the Arabs, including state loans and government credits, "have invested already DM 70 billion in the FRG" (Thierbach).

Still just in time before the stock exchange turned bullish recently the Kuwaitis raised their share packages by grabbing everything as in the Hoechst case. Their Daimler-Benz share is estimated to be almost 20 percent. Also in Bayer, BASF, Mannesmann and Linde, the Kuwaitis are said to own almost a 10-percent share.

Bank bosses and stock exchange experts can merely surmise how much the Near Eastern investors are involved in the three large banks. The Kuwaitis alone are said to be holding circa 15 percent of Dresdner Bank, their former house bank.

Only the top bank has in good time provided against further surprises: Deutsche Bank in 1975 established the maximum voting right of its stockholders at 5 percent.

5885

CSO: 3620/397

OUTLINE OF BANKING SYSTEM STRUCTURE AFTER NATIONALIZATION

Paris LES CAHIERS DES ECHOS in French Supplement to No 13870, 2 May 83
pp 17-24

[Excerpt from a series of articles: "La Nouvelle Banque: A New, Still Vague, Terrain"]

[Text] The year 1982 and the start of 1983 were rich in events for the French financial system. The fiscal year framework of the banks has been largely modified with the nationalization of 39 banks, which have thus been added to the BNP [National Bank of Paris], the Credit Bank of Lyons and the General Company. Notable changes have also taken place at the level of the cooperative and mutual insurance institutions. The fiscal status of the Agricultural Credit Bank and the Mutual Credit Bank has thus been aligned with that of the other commercial banks. Certain "privileges" this sector benefited from have been reduced. The state has, for example, resumed control over the reserves accumulated by the Agricultural Credit Bank, the exclusive distributor of loans granted to the farm sector. On the other hand, the Mutual Credit Bank, like the savings banks, will from now on devote most of the funds collected through the "blue pass book" to purposes determined in agreement with the administration.

Aside from that, a bill is soon to be debated in the Senate aimed at granting savings banks access to readily available products distributed through other channels. On the other hand, the "pink pass book" created in 1982 will be distributed by all institutions. The banking law currently under discussion will have to again specify the fiscal year framework of the French financial system by providing a definition of the status and functions of the agencies of guardianship, supervision and jurisdiction.

With regard to the manner in which the profession itself is conducted, Mr Jacques Delors hoped that the banks would continue extending priority to small and medium-sized businesses by in particular participating in the improvement of their stockholders' equity. Participating loans and products moving in that direction have been encouraged.

Merely because of selective credit regulations, the banks' room for maneuvering is, however, limited. In other respects too, their financial situation to a certain extent limits any overly risky initiative. Because of the problems

Effect of the Nationalization Law on the Structures of Registered Banks

	Number of institutions	Total amount of deposits collected (in billion of francs)*	Percen- tage of tag	Total amount of credits granted (in billion of francs)*	Perce- tage of tag	Number of teller's windows	Percentage
Banks nationalized or controlled directly or indirectly by nation- alized companies	124	679,593	87.57	770,592	77.61	8,838	90.54
Before 1982							
Nationalized banks (law of 2 December 1945)	3	452,433	58.30	456,637	46.00	5,516	56.51
Banks over 50 percent of whose capital is directly or indi- rectly held by banks, in- surance companies or nation- alized industrial firms	27	6,770	0.87	13,088	1.31	154	1.58
1982 extension							
New nationalized banks (laws of 11 February and 17 May 1982)	36	207,225	26.70	258,230	26.01	2,946	30.18
Banks over 50 percent of whose capital is directly or in- directly held by banks, in- surance companies or nation- alized industrial firms as a result of the law of							
11 February 1982	58	13,165	1.70	42,637	4.29	222	2.27
Other banks	253	96,502	12.43	222,317	22.39	923	9.46
French banks	115	34,530	4.45	83,799	8.44	467	4.79
Foreign banks	138	61,972	7.98	138,518	13.95	456	4.67
Averages	377	776,095	100.00	992,909	100.00	9,761	100.00

* Figures as of 5 January 1982.

Banks whose main office is abroad or the majority of whose capital directly or indirectly belongs to foreign legal entities or individuals who do not reside in France.

Source: CNC [National Credit Council]

they have encountered both internally and externally, some of them have also had to create large reserves. This has not improved their already difficult situation.

Thus the ratio of stockholders' equity to total statement of affairs is only 1.8 percent for French banks as against 2.4 percent in Belgium, 4.5 percent in the FRG, 2.8 percent in the Netherlands, 4.3 percent in the United States, 5.8 percent in the United Kingdom and 7.5 percent in Switzerland. The minister of economy, moreover, hopes that French financial institutions will work to improve the structure of their balance sheets.

A new landscape is taking shape. As yet vague, its outlines are gradually becoming more definite. Still, as one banker remarked: "We have to change a whole mentality, whether it be as concerns the bankers or the customers, and only time can accomplish this...."

Banks by Sector Before and After the Nationalization Law

The nationalization law of 11 February 1982 has profoundly transformed the redistribution of banking activities in accordance with the institutions' capital ownership. The public sector, which was already a majority stockholder, now occupies a dominant position, as the following table shows:

Category	Public Sector		Other French Banks		Banks Under Foreign Control and Monacan Banks
	Before	After	Before	After	
Number of banks	48	132	200	116	150
Share of deposits ²	63.1%	90.1%	29.6%	2.6%	7.3%
Share of credits ³	54.2%	84.7%	33.8%	3.3%	12.0%

Source: CCB [Bank Supervision Commission], based on data on "all teller's windows" of banks registered as of 2 January 1981.

1. Because of their special status and the dispersion of capital in many of them, all the SICOMI [Real Estate Companies for the Development of Trade and Industry] and SOFERGIE [expansion unknown] have been included among the other French banks.
2. Demand deposits and short-term liquid investments (CNC definition).
3. Credits for the economy, excluding other assistance, specifically leasing and investment securities (CNC definition).

"Registered" Banks (AFB): the Challenge and the Stakes

Very largely nationalized, French banks are confronted with many problems they must resolve to remain — despite times of profound crisis — sound, productive

and competitive businesses, as president of the French Bank Association (AFB) Jean Dromer declared at the end of 1982.

The first point to be noted is the industrial challenge: The "registered" banks (AFB) now finance 70 percent of the assistance provided industry and we may predict that they will be asked to make an even greater effort to guarantee French firms' ability to compete: a qualitative even more than quantitative challenge since financing terms have to be renewed, particularly short-term ones, while aiming toward credit that is more secure, less "precarious," more comprehensive, close to being the "overall operating credit" advocated by the Mayoux report of 1979 whenever possible, or at least deriving inspiration from the measures offered by the Dailly Law for the liquidation of securities.

French banks will also have to more broadly mobilize savings and take an even more active part in the strengthening of stockholders' equity or near equity. In 1982 the latter provided a third of the equity loans to businesses under that heading.

Financing the development of the economy also means supporting new, small and medium-sized businesses, therefore engaging in a "reform" of one's practices, analytical instruments and criteria for making decisions and ways of participating.

The monetary challenge: Between June 1981 and December 1982 AFB member banks only contributed to the growth of the money supply to the tune of 5.5 percent, Jean Dromer points out. On the other hand, AFB bank credits in francs and foreign exchange for the French economy rose 19.6 percent. These banks managed to do this essentially through a sharp increase in their foreign currency operations which resulted from the position they were able to gain on international markets.

In connection with this, we must note that in 1981 foreign exchange credits represented 35.2 percent of the total balance sheets of the French branches of French banks as against 27.2 percent in 1978. In 1981 nearly a quarter of the foreign exchange credits extended to customers were granted to residents in 1981.

The AFB banks have strongly developed their networks of branch offices abroad. These at present occupy second place in the world, following those of the United States. On the average, 57 percent of the total profits of those banks with branches outside of France has been earned outside of France.

The social challenge: Internal promotion is strong in AFB banks, professional training represents 3.7 percent of the pay packet as against 1.9 percent for the national average and the rate of personnel growth is positive, amounting to 150,000 employees (up 0.9 percent in 1981). Aside from application of the Auroux laws and, in the nationalized banks, the law that governs the "democratization of the public sector," the banks will have to absorb the medium and long-term effects of automation, computerization and computer communications, which will gradually give rise to a redefinition of tasks and functions and a big training effort.

Image and Effort

In an economy in the midst of a crisis, French banks must be attentive to "questioning by consumers": They must go on, of course, informing business customers with regard to the cost of services, but also permit individual customers to let competition work more for them by providing them with an explanatory comparison of services rendered and their costs. Dialogue and communication, to serve and to modify, to improve the brand-name image of a tool that is indispensable to the functioning of the economy. This is a collective effort on the scale of the whole profession, one which must be made.

A greater effort in the domain of procedures, methods, for more simplicity and effectiveness, for reducing costs. Measures have been adopted in the procedures for obtaining personal guarantees, a plan has been worked out for adapting to the evolution of intercompany credit, a study has been made to evaluate the operation of banking pools, work has been started on the analysis and measurement of middleman costs and contacts and thinking have been instituted to coordinate means of payment and make them more consistent. There is still much to be done, but, much marked by nationalization, the French banking system has to find new channels to deal with the constraints and challenges, the shocks of economic upsets and the exigencies of the international confrontation. It is once again at the crossroads.

Agricultural Credit Bank: Changes for 11 Million Depositors

The Agricultural Credit Bank has a three-level structure, composed of the National Federation, the National Bank and the subsidiaries. Already possessing a public mechanism for operating between customers and the administration, its mutual insurance agency status has protected the Agricultural Credit Bank, as it has, moreover, the People's Banks and the Mutual Credit Bank, from the shocks felt by the "new nationalized banks" due to the banking law.

Nevertheless, the bank, which collects 402 billion francs thanks to the 10,000 teller's windows (permanent and periodic) in its 94 regional and 3,000 local offices, has in spite of everything undergone several changes through the appointment of Mr Jacques Bonnot to the post of general manager and its fiscal status, now aligned with that of the other banks, but also in its functions and the means of action available to it.

The liabilities the Agricultural Credit Bank has incurred in loans at present amount to 323 billion francs. The bank has recently seen its jurisdiction in the domain of credits enlarged, specifically to include business firms.

It can now operate in an urban environment and serve households. This is the satisfaction of a very old demand. The Agricultural Credit Bank has for a long time in fact wanted to be able to lend to anyone, like the People's Bank and the Mutual Credit Bank.

In other respects within the framework of the administration's new policy of aid to business firms, the bank is seeing its jurisdiction enlarged in terms of loans to medium and small businesses.

This increase in participation in the business financing sector marks an important turning point.

The Agricultural Credit Bank will from now on offer other French businesses the support it has provided for agriculture, rural craftsmen and the food-growing sector, namely cooperatives. Since April 1982 it has been able to offer its assistance to all businesses with less than 500 salaried employees located in urban districts of less than 65,000 inhabitants (except for the food-growing sector where it may finance any business without restriction).

To contribute to the redeployment of the regional economies and the national effort to create employment, the Agricultural Credit Bank will now develop an overall policy of financial aid for small and medium-sized businesses to increase stockholders' equity. It will be instituted by means of three instruments:

Increasing its holdings, the Agricultural Credit Bank is creating specific finance companies which, through takeovers or equity loans, will provide assistance for small and medium-sized businesses prepared to create jobs or innovate.

Decreasing its holdings, it is creating the first variable capital investment company (SICAV), composed exclusively of shares quoted on regional stock exchanges. Uni-Regions will have a starting capital of 50 million francs. Designed to stimulate provincial financial markets, its portfolio is composed of both stocks and bonds.

Otherwise, the Agricultural Credit Bank is releasing an appropriation of 750 million francs out of its own funds, which will be made available to its regional finance companies (FDER) so that they can provide stockholders' equity for small and medium-sized businesses entering their chosen fields of activity which present a medium-term development plan including the creation of jobs. And this will be either in the form of equity loans or minority stock takeovers that are limited to a maximum period of 7 years.

This last procedure is very decentralized, to the extent that it is the regional branches that will create the instruments necessary for studying proposals, for selecting them and for the takeovers.

Moreover, it constitutes the pump priming for a new line of development.

Related and Specific International Development

Less than 10 years ago the Agricultural Credit Bank got involved in the international market to develop scalping operations and promote the international expansion of its members.

Having decided to improve its operations in this field later than the others, the Agricultural Credit Bank had to work twice as fast. It has, nevertheless, made rapid advances due to its ability to mobilize large sums because of its size.

Its volume of international activities is now doubling annually. As far as commercial credit liabilities are concerned, at the end of 1981 its commitments represented 4.7 billion francs and credits already used 3.3 billion.

In this endeavor as elsewhere, the Agricultural Credit Bank wanted to remain faithful to its vocation of "food-growing bank." Rejecting the idea of systematic establishment, it decided to carefully select "anchoring" points at major financial or commercial locations: London, New and several areas where food-crop trading is important, for example, Latin America or Southeast Asia.

Today the Agricultural Credit Bank's international expansion is based on a network of nearly 800 similar foreign banks covering 125 countries. It is also based on banks it has itself established: a fully functioning branch office in Chicago, representing offices in Milan, Frankfurt, Madrid, New York and Caracas.

The Agricultural Credit Bank has also become more closely associated with European cooperative and agricultural banks through the UNICO [expansion unknown] banking club, which serves as a framework for joint actions ranging from the formation to the creation of syndicated banks like the ICB [expansion unknown] in London and the BEG [expansion unknown] in Zurich and of an investment fund in Luxembourg.

It has furthermore entered into technical assistance contracts in the domain of food-crop financing with Cameroon, Togo, Ivory Coast, Upper Volta, Oman and China.

Mutual Credit Bank

A bank for private individuals and families who are members of local associations and communities, the Mutual Credit Bank is based on 3 million members distributed among 3,068 local banks.

Its members constitute both the basis for and crossroads of Mutual Credit Bank activity. As depositors and borrowers, they in fact form the basis for the mutual savings and loan associations.

Each Mutual Credit Bank branch is managed by unpaid administrators (a total of 40,000 of them), men of the area who are familiar with local problems, and professional bank officials who guarantee continuous operation of the branch office.

The Mutual Credit Bank today has a staff of about 16,500 people responsible for guaranteeing the daily handling of affairs and the application of decisions made by boards of directors.

The Mutual Credit Bank is organized at three levels:

Local, with over 3,000 local banks.

Regional, with 20 regional federations and federal banks.

National, with a national confederation and a central bank as well as a "Mutual Credit Federative Bank," which has become a cooperative bank company.

On 31 October 1982 Mutual Credit Bank deposits and loans amounted to 91.5 and 52.2 billion francs respectively. At the end of 1981 its balance sheet totaled 113 billion francs.

People's Banks

The fifth French banking combine, the People's Banks, is based on a million members, 500 administrators, 27,000 salaried employees and 1,740 teller's windows. This group has nearly 110 billion francs in currency and noncurrency resources and it distributes 71 billion in credits to its customers. Its stockholders' equity amounts to 4 billion francs.

Its goal: to continue to be what it is, that is, a group of cooperative banks, regional banks, faithful to the principle of customer diversity.

The People's Bank combine is first of all 38 cooperative, regional banks directed toward a varied clientele and operating within a framework of common policy guidelines. They cover areas that vary widely, ranging from a department to planning. Some of them even "overlap" several departments and several regions.

The smallest of the People's Banks is established in one department with 10 teller's windows, employs 160 people and collects 450 million in deposits. The largest extends over six departments with 163 teller's windows, employs 2,900 people and collects 12.5 billion francs in deposits.

At the end of December 1981 the People's Bank combine had collected 6.46 percent of the deposits amassed by the registered banks and groups with special legal status and 3.99 percent of the market, including the public networks. The grand total of credits distributed by the group came to 60.7 billion francs.

On 5 January 1982 the total for the "overall" balance sheet for the group, composed of the 38 regional People's Banks, the Casden People's Bank, the Federal People's Development Bank and the People's Bank Central Bank, came to 128.4 billion francs.

Cooperative Credit Association

The only banking group whose members are almost exclusively legal entities of the "corporate economy," the Cooperative Credit Association, occupies a special position in the banking system.

Over three-fourths of the loans it grants (2 billion francs in 1981) are directly intended for the "corporate economy" sector. In 1981 15.7 percent of the credit liabilities it incurred were allocated to public agencies (health, education), 14.82 percent to the shipping sector, 13.1 percent to subsidized housing (promoters) and 12.94 percent to retail cooperatives.

AFB Banks in 1982

Category	Customer Deposits		Credits for the Economy	
	In Relation to Banking System Total	In Relation to Financial System Total	In Relation to Banking System Total	In Relation to Financial System Total
AFB banks	60.2	36.8	70.3	41.4
People's Banks	6.5	4.	4.5	2.6
Agricultural Credit Bank	26.7	16.3	21.9	12.9
Mutual Credit Bank	6.6	4.	3.3	2.
Banking System:	100.	61.1	100.	58.9
Savings banks		32.8		14.
Other institutions		6.1		27.1
Financial system		100.		100.

Number of banks: 398.

Total customer deposits: 768 billion.

Total credits for the economy: 991 billion.

Share of deposits and credits (in percentages of total liabilities as of the end of 1981 — operations in France).

The AFB banks, which together account for 60.2 percent of the deposits managed by the banking system, grant 70.3 percent of the credits extended by the banking system.

The AFB banks, which together account for 36.8 percent of the deposits managed by the sum total of financial institutions, grant 41.4 percent of the credits extended by all of the financial institutions.

(Source: the AFB's "Current Issues in Banking")

The sum total of their balance sheets comes to about 11 billion francs.

Cooperative Credit Association users who are members may be divided into four large families:

The cooperative sector (including groups of family enterprises).

The sector of nonprofit associations and similar organizations.

The mutual insurance sector.

The public collectivities for those of their operations that come under the heading of the "corporate economy."

Investment credits made available to members of group institutions were on the order of 2.3 billion francs for fiscal year 1982.

The Cooperative Credit Union consists of two main organizations: the Cooperative Credit Central Bank and the French Cooperative Credit Bank.

At the end of 1981 the latter's deposits and customer credit liabilities amounted to 1.6 billion and 553 million francs respectively.

Distribution of Registered Banks by Sector

(Taken from "all teller's window" data as of 2 January 1981.)

<u>Category</u>	<u>Before Nationalization Law</u>			<u>After Nationalization Law</u>		
	<u>Number</u>	<u>Share of Deposits</u>	<u>Share of Credits</u>	<u>Number</u>	<u>Share of Deposits</u>	<u>Share of Credits</u>
Nationalized banks	3	59.2 %	49.1	39	86.6 %	77.2
Public-sector banks	45	3.9 %	5.1	93	3.5 %	7.5
French private-sector banks*200		29.6 %	33.8	116	2.6 %	3.3
Foreign and Monacan banks	150	7.3 %	12.	150	7.3 %	12.
Totals	398	100 %	100.	398	100 %	100.

* Because of their special status and the dispersion of capital of many of them, all the SICOMI AND SOPERGIE have been included in this category.

AFB Banks' Share of Credits to Businesses

(in percentages of liabilities at the end of 1981)

<u>Category</u>	<u>In Relation to Banking System Total</u>	<u>In Relation to Financial System Total</u>
Cash credits	77.	74.2
Export credits*	86.1	86.1
Investment credits	51.	28.7
Averages	71.6	56.3

* Including buyer credits.

(Source: AFB)

French Trade Bank: BFCE

The French Foreign Trade Bank (BFCE) is a semi-public institution with special legal status whose network extends over regional urban areas and the outskirts of Paris as well as abroad. The stockholders are legal entities like the Bank of France, the National Credit Bank, the Deposit and Consignment Fund, the Agricultural Credit Bank's National Office, etc.

Coordinating means of financing for foreign trade, it is a deposit bank that grants short-term credits for exports (foreign currency on a spot or time basis, documentary credit, the financing of stocks abroad, the liquidation of debts incurred by COTACE [French Insurance Company for Foreign Trade], foreign currency advances, etc.).

It also steps in to provide medium-term credits and to finance long-term credits for exports.

Private Banks: Witnesses

If we regard the cooperative and mutual insurance banks as forming a separate class (including the three bank cooperative corporations, the Mutual Credit Federative Bank, the Central Cooperative and Mutual Insurance Bank and the French Cooperative Credit Bank), the entirely French-owned private banks constitute a tight little redoubt that represents scarcely more than 2.6 percent of the deposits and 3.3 percent of the credits in terms of the "all teller's window" data of January 1981 cited by the AFB. But private banking activity in France that has not been nationalized is also supported by foreign banks or is under foreign control.

Be that as it may, while it no longer — as it did before 1982 — carries enough weight to stimulate the nationalized banks to manage themselves in more competitive fashion, the private sector still serves as a witness, voluntarily discreet but effective, composed of a few institutions that offer the public, business firms and private individuals, a service that is customized, high-performance and often sophisticated.

Savings Banks: Toward the Great Change

While they have so far not participated in the banking system per se, the savings banks are mentioned here because of their importance and in view of their evolution. A reform bill was voted on in the National Assembly in July 1982 and is to come up before the Senate this month. This reform of the savings banks and contingency funds — "squirrel" funds, not the PTT [Postal and Telecommunications Administration] Fund, which is answerable to the administrative sector — is formulated in the Taddei Bill. It involves over 27 million depositors and 445 billion francs in funds, at least 28 percent of the liquid savings liabilities, 42 percent of which are devoted to local plant and equipment and 32 percent to subsidized housing.

According to the planned reform, these banks and funds "will constitute among themselves and in association with the Deposit and Consignment Fund a financial network including regional companies and a national center."

Thus in each of the regions a regional finance company (SOREFI) is to be created by the banks or funds on a par with Deposit and Consignment Fund capital. The SOREFI are credit institutions. They will provide all the services of interest to all concerned and perform those operations that the savings banks decide to jointly administer or which the Deposit and Consignment Fund and the national center may entrust them with.

There will be a "network chief": The National Center of the Savings Banks and Contingency Funds (CENCEP) will be the network chief and its finance agent. The savings banks will hold 50 percent of the stock, the SOREFI 15 percent and the Deposit and Consignment Fund 35 percent in the form of a limited company.

The role of the CENCEP: to collectively represent the banks, funds and SOREFI in negotiations and agreements, measures pertaining to the organization and operation of the network, to define the goods and services offered, to exercise administrative, financial and technical supervision over the banks, funds and SOREFI, and to organize depositors' guarantees for funds that have no state guarantee through a common reserve fund specifically constituted on the basis of an appropriation of reserve and guarantee funds as per Article 52 of the Savings Bank Code.

Appropriations of the funds collected: Article 5 provides for the financing of appropriations of general interest entered in the Deposit and Consignment Funds balance sheet, subject to a percentage of free application, to be fixed by law, of the appropriations contractually agreed on between the Deposit and Consignment Fund and the network, appropriations whose rules will be set within the CENCEP.

Nationalized Banks

Bank of Brittany
National Bank of Paris
General Company
Credit Bank of Lyons
Commercial Credit Bank of France
Industrial Credit Bank of Alsace and Lorraine (CIAL)
Industrial and Commercial Credit Bank (CIC)
Industrial Credit Bank of Normandy
Industrial Credit Bank of the West
Credit Bank of the North
Hervet Bank
European Bank Company
Bordeaux Industrial and Commercial Credit Company
Central Bank Company
General Alsatian Bank Company (SOGENAL)
Lyons Deposit and Industrial Credit Company
Marseilles Credit Company
Industrial Credit Company of Nancy and Varin-Bernier
Seine Bank Company
Worms
Bank of La Henin
Indo-Suez Bank
Industrial and Private Property Bank (BIMP)
Bank of Paris and the Netherlands
Paris Credit for Trade and Industry Bank
Regional Bank of Ain
Scalbert Dupont Bank
Corporative Construction and Public Works Bank
Regional Bank of the West
European Union Bank
Chair Bank
Chemical Credit Bank

Laydernier Bank
Menod-Francaise Bank Company
Odier Bungener Courvoisier Bank
SOFINCO [expansion unknown] of La Hemin
Tarnaud Bank
Vernes and Commercial Bank of Paris
Bank Union in Paris

11,466
C80: 3519/520

NEW LIBERAL MEASURES ON FOREIGN CURRENCY POSSESSION

Athens TA NEA in Greek 23 Jun 83 p 20

[Text] Beginning on Tuesday, 28 June, all who have foreign currency can deposit it freely in any bank of their choice without having to declare how they obtained it.

However, those who have foreign currency which they have not brought in from abroad, can also deposit it freely until 31 August, at the latest.

All others who have brought it in from abroad can deposit it whenever they wish with no time limit or certificate of legal possession.

The only document they must present to the bank is the declaration receipt which they were given at the airport when they returned to Greece.

Whoever deposits foreign currency will be able to withdraw it in foreign currency (any currency he wishes).

He will also be able to export it, legally and freely, whenever he wishes.

All of this is the result of the action by the governor of the Bank of Greece (232/83), which was made public yesterday.

However, this regulation, which is aimed at attracting foreign currency to strengthen the balance of payments and limiting the deficit, is not without restrictions.

The restrictions are:

The deposits will be accepted only for accounts with a 6 or 12-month limit or savings certificates, also with a 6 or 12-month maturity.

Those who withdraw their foreign currency before the maturity date will pay a penalty which is to be set soon by the Bank of Greece. This penalty, which is imposed even now on any depositor who makes a withdrawal before maturity, will not be withheld from the foreign currency, but from the accumulated interest instead.

For those who wish to withdraw their foreign currency, the bank will give them the equivalent of 530 dollars in cash and the remaining balance in a draft.

The interest rates which will be set soon by the Bank of Greece will be equivalent to those in effect internationally and will vary according to the amount and duration of the deposit. The depositors of very large sums will be able to negotiate the interest rate with the bank.

According to the resolution, the deposits of foreign currency will be secret as are all other bank deposits.

9731

CSO: 3521/365

BASE PRICES FOR GRAINS ANNOUNCED BY ANKARA

Istanbul CUMHURİYET in Turkish 9 Jun 83 pp 1, 11

[Text] Ankara (CUMHURİYET Bureau) -- Base prices on grains were able to be announced yesterday after a week's delay. The price on the first group of bread wheat was raised 16.7 percent over last year to 28 liras. Grade one pasta wheat was set at 32 liras. The prices announced will be the "advance" prices, with final prices to be announced in September on the basis of developments.

Prices include 18 liras for rye, 19 liras for pearl barley, 18 liras for fodder barley, 53 liras for unscored winter-crop poppy capsules and 40 liras for summer-crop poppy capsules.

According to the Council of Ministers decision published in the RESMI GAZETE, grade one pasta-quality durum wheat is priced at 32 liras, grade two at 30 liras and grade three at 28 liras. Prices for bread wheats are 28 liras for the first group (white-red), 26 liras for the second group and 25 liras for the third group and mixtures.

The base price for rye is 18 liras a kilo; for pearl barley, 19 liras a kilo and for fodder barley, 18 liras a kilo, according to the Council of Ministers decision.

The Council of Ministers announcement says that these prices are of an advance nature, that final prices will be redetermined and announced in September according to developments registered on domestic and foreign markets and that sellers will be paid any difference occurring in favor of the producer.

The decision authorizes the Soil Products Office to make purchases. The Office is authorized to make advance sales at cost of bread wheat, flour, cracked wheat, legumes, rice and fodder to supply the needs of the army, schools and other official offices and organizations.

In the port cities of Iskenderun, Mersin, Samsun, Izmir, Isiklar, Haydarpasa and Tekirdag, 150 kurush per kilo extra will be paid for cereal grains.

The Council of Ministers specified prices for opium poppies to be purchased by the Soil Products Office in 1983 as 53 liras for winter-crop poppies and 40 liras for summer-crop poppies. Last year, winter crops got 48 liras and summer crops, 36 liras. The new prices apply to capsules with no more than

12 percent moisture, at least 5 centimeters in diameter and free of foreign matter. The initial purchase price will be reduced for all others and depending on the rate of foreign matter contained.

Meanwhile, it was decided that for the new crop period each household actively engaged as opium poppy producers whose livelihood depends on the cultivation of opium poppies on otherwise unproductive land will be permitted to grow up to 3,000 square meters in opium poppies on, at most, one of their arable fields.

Reaction

The new base prices for grain are considered low. Sami Dogan, chairman of the Turkish Chamber of Agricultural Engineers, said, "These prices are too low. Considering profit over and above cost, the inflation rate and other cultivation measures, prices ought to have been higher."

Turkish Agricultural Association President Ibrahim Yetkin noted that the prices were lower than costs and said the producer was being victimized. Calling for payment in advance, Yetkin reaffirmed their contention that base prices should be set on a regional basis.

Nedim Girmen, chairman of the Adana Chamber of Agriculture, and Adana Farmers Union President Izzettin Ozgiray pointed out that the base price of 25 liras set for Cukurova wheat, which falls into the third group of bread wheat, was at the same level as costs and said it should get at least 28 liras.

New Base Prices

Item	Price	% Increase
Pasta-Quality		
Wheat grade 1	32	18.5
2	30	15.4
3	28	14.3
Bread-Quality		
1	28	16.7
2	26	13.0
3	25	13.6
Rye	18	16.1
Barley (pearl)	19	18.8
Opium poppies (winter)	53	
Opium poppies (summer)	40	

ANTICIPATED EXCHANGE INFLATION SPARKS INTEREST RATE CONCERN

Istanbul DUNYA in Turkish 9 Jun 83 p 1

[Article by Erhan Key: "Care Must Be Taken with Interest Rates When Marketplace Inflation Expected"]

[Text] With reduction of interest rates on the agenda, there has been a call for awareness of the fact that there is a general expectation of inflation in the marketplace and making the wrong move may restimulate inflation. It was emphasized that, in a climate in which the banks cannot meet credit demand and are unable to recover their credit debts, credit interest rates cannot be reduced by an authoritarian decision and, even if they were, it would result in a "credit black market."

Finance Minister Adnan Baser Kafaoglu's announcement that interest rates would be reduced has again made an issue of the debate between exporting industrialists and businessmen who are home-market oriented. Exporting industrialists feel that reducing interest rates would definitely stimulate inflation and lead to a double standard in credit interest rates because credit demand would rise and hold. The opposing view is that reducing the existing interest rates -- and putting industrialists on the spot -- would revive the economy.

Investment in Inflation

Ali Zafer Taciroglu, member of the Istanbul Chamber of Industry and owner of the Taciroglu firm, noted in reference to reducing interest rates that "investment is being made in inflation" and said that the price of money could not be brought down by force. He said if deposit interest were brought down, it would lead to a deposit scare and destroy the deposit-credit balance, automatically setting up a double standard in credit interest rates. Taciroglu said in summary: "Decontrol of prices is necessary. Deposits decline when interest rates are meddled with, but increased deposits are what we need today. When credit demand is down and bank costs are down, then interest rates can be reduced. The banks are in a position today where they cannot get their money back. Industrialists have to get credit just to pay their interest. If the real value of interest declines, debt automatically declines also. Therefore, some people contend that interest should be reduced. However, the more credit interest goes down the more demand rises, so the banks would not be able to meet demand and it would raise the possibility of the state's printing money. Also, since a flight from deposits would stimulate consumption, inflation would still be served."

Professor Dr Feridun Ergin says it is difficult to find a balanced and stable solution to the interest problem while there is an expectation of inflation in the marketplace, expressing his views in this way: "When deposit interest rates are reduced it feeds demand, raising the possibility of reflation and choking off foreign trade. If credit interest is kept higher than deposit interest, dangerous risks may occur as to financing marketplace activities." Noting that two separate factors of imbalance had the marketplace pinned to the mat at the moment, Ergin said that if an authoritarian decision to reduce credit interest rates were to be adopted, a credit black market might be formed if companies were not assured of getting all the credit they needed. "In other words, there might be a question of camouflaging what would still be high interest in practice," he said.

Meanwhile, Uzeyir Garih, managing director of Alarko Holding, said that interest rates must be indexed against inflation, that "inactive money should only maintain its value or even lose a little." Noting that people get lazy and industrialists are unable to use credit when the interest rate is set a lot higher than inflation, Garih contended that it would be to the benefit of the industrial sector and the whole country alike to reduce interest rates right now.

No Unity of View Among Banks

The banks, meanwhile, have differing views on reducing interest rates. While the Agricultural Bank and the Labor Bank are taking a stand in favor of reducing interest, the Aegean Bank feels it would have a negative effect on deposits. Aegean Bank General Director Tekin Degirmenci referred, in a statement to the [news] agencies, to the delicate balance required in interest rates and said: "When interest rates are higher than inflation, it leads to the accumulation of deposits at the banks. If it has been decided to bring interest rates in line with or below inflation now, it is necessary to have a very firm handle on where inflation stands."

Foreign Bank General Director Vecdi Aksoy, however, said that competition among banks was necessary in the formation of real interest. Aksoy called for small banks to have the opportunity to raise their interest rates 5 points above the rates set by the large banks and said it would create no problem as long as the difference remained within reason. Bag Bank General Director Dincer Turgay said it was necessary to keep the real inflation rate in mind when reducing interest rates, otherwise deposits would shift to other areas. Turgay noted that deposits were profitable for depositors as long as interest rates were higher than the real inflation rate.

8349

CSO: 3554/324

EFFORTS IN TOURISM AS REVENUE, INVESTMENT RESOURCE

Istanbul TERCUMAN in Turkish 22 Jun 83 pp 1,10

[Passages enclosed in slantlines printed in boldface]

[Text] ANKARA (TERCUMAN) - With the onset of the new tourist season Turkey approaches this question from a different perspective this year. Culture and Tourism Minister Ilhan Evliyaoglu stated that, conversely to last year /"No tourism explosion was expected but that serious measures were taken to turn Turkey into a tourists' paradise."/

In disclosing for TERCUMAN the measures taken this year, Evliyaoglu stated that the question of cleanliness was uppermost in the field of tourism and he said: /"Cleanliness is our most important endeavor. A service station whose toilet facilities are dirty, have a single blemish, will be immediately shut down, without even a warning. I personally shut down 4 of them so far. We will not listen to any excuses about not having any water. Let this be well known."/ Evliyaoglu, while saying that harsh measures would be implemented to ensure the cleanliness of touristic installations as well, spoke to the effect that /"The smallest fine for touristic institutions which do not comply with regulations on cleanliness is 200,000 Turkish Liras. Should they repeat the offense, the place will be immediately shut down. We will fight to the end to achieve in Turkey the cleanliness to which tourists are used."/

A Call to the Private Sector

Evliyaoglu, who disclosed that the state was preparing the infrastructure of tourism and called on the private sector for the realization of its superstructure, explained the government's work in this field as follows:

/"We passed a Tourism Incentive Law. With this law the private sector leans, even if only to a degree, toward investments in tourism and it has become aware of the contributions of tourism to the nation. However, this is still not sufficient. In accordance with the aims of the law which was passed, especially for priority regions, we will follow the course of making installations in specific areas. We, as a state, prepare infrastructures. And we call on the private sector to realize the infrastructures. We believe that, in this way, Turkey will attain its targets for tourism in 3 to 5 years."/

We Will Bring Down Interest Rates

Evliyaoglu, who noted that in Turkey there was a certified capacity of about 65,000 beds, said that their aim was to add 10,000 beds every year to this number and he added:

/"For 10,000 beds a credit of 10 billion Turkish Liras is needed every year. The Tourism Bank extends credit to the private sector at a 15% rate. However, the Bank's resources are insufficient. We are making efforts towards directing the Central Bank's rediscount credits towards the tourism sector so that the private sector can benefit from credits amounting to 5 billion Turkish Liras. We will strive to reach an agreement with the Central Bank and the Finance Bank in order to bring down interest rate limits which are only 27% to 15%."/

Foreign Investments

Culture and Tourism Minister Ilhan Evliyaoglu, who dwelt on the subject of some bids from foreign capital, disclosed, regarding investments in tourism, that a full agreement had not been reached with foreign businessmen but that contacts with some groups, the Aga Khan chief among them, were continued however. After the law permitting foreigners to own private property in Turkey and erecting buildings such as hotels and motels was passed Evliyaoglu said that numerous offers, particularly from Arab countries, were received but that, on this subject as well, some problems had arisen /"Some sectors in which foreigners wish to make investments are private. It will be necessary to make them public."/

12278

CSO: 3554/351

GOVERNMENT SEEN RESPONSIBLE FOR POOR SITUATION

Athens POLITIKA THEMATA in Greek No 458, 17-23 Jun 83 p 12

[Text] The shipowners are prudently retiring. And the Greek flags are coming down from their masts (the miracle of the Greek merchant marine, of which we are all proud, is under fire now...).

The industrialists are sounding the alarm ("We have entered into a phase whose outcome is uncertain").

The mining companies are headed toward troubles with the Supervisory Councils, and with a dramatic appeal they are calling on the premier to withdraw the bill.

The flour mills are closing for 10 days (the bakeries will not be cooking).

The coastal-boat skippers have gone on strike for 2 days (the islands have been cut off).

Tourism is in a sorry state (foreign exchange from tourism has decreased).

The merchant-marine foreign exchange fell by 22.7 percent within the first 3 months of 1983.

The press is becoming irresponsible, and steps to deal with this are being planned.

The workers and employees of public enterprises are being socialized, which is stirring them up to the point of protests.

The Chamber of Deputies is being sent into recess early ("the dialogue is having a disturbing effect").

Mislabeled bills are concealing other intentions.

The government is discussing an extension of time for the bases, which it calls a timetable for their withdrawal.

Greece is preparing to assume the chairmanship of the EEC, at a time when it finds itself in disagreement with this body.

Greece belongs to organs of the West, but it is looking kindly on organs of the East.

The meeting of the leaders--one of whom was Mitterrand--of the more well-off countries is called a den of wolves.

Solidly in the camp of the absurd, the government's actions--after having managed to gain some time with promises, raising hopes, and entreaties--now find themselves on a narrow street which has no exit. And either they will turn around in the hope of finding a heroic way out, or they will sink in deeper, only to be buried in a widespread discrediting and disapproval.

This is the stage at which we find ourselves today. The hour of truth for the government has arrived.

12114

CSO: 3521/361

PARTISAN PENETRATION OF EMBASSIES ABROAD CHARGED

Athens I VRADYNI in Greek 20 Jun 83 p 7

[Article by Titos Athanasiadis]

[Excerpts] Whereas 10 days from now Greece is going to assume the chairmanship of the EEC for the next 6 months (one of the most important periods of its recent history, thanks to the perspicacious accession policy of Kon. Karamanlis), two of its important services--its diplomatic and its information services--have been crippled because of the politicization of these by PASOK. And the crippling of these is nearly universal, since it concerns all the Greek embassies and the press offices abroad, but it is also specific, because it applies primarily to our Permanent Delegation to Brussels on the one hand, and to the central press service, the well-known General Secretariat of the Press and Information, on the other.

The culmination of this politicization of our embassies has been the gradual replacement of career ambassadors by PASOK party officers (green guards). PASOK officers who do not have backgrounds in the diplomatic service have already been placed in charge of six large embassies.

The embassies in question are those in London, Brussels (EEC), Stockholm, Paris, Rome, and Tripoli.

The most characteristic of these cases are the following:

- 1) Our ambassador to Stockholm, Emm. Poniridis (the PASOK Eurodeputy), who had worked in the Swedish capital for many years as a lawyer, had taken Swedish citizenship, and had married a Swedish woman.
- 2) Our ambassador to Libya, Kafetzopoulos, who had been the party's liaison in Tripoli with the regime of Colonel Qadhafi even when PASOK was still in the parliamentary opposition.
- 3) Our ambassador to Paris, Khr. Rokofyllos, who was a PASOK deputy in the 1977-1981 period and immediately after the elections was appointed governor of the Agricultural Bank of Greece.
- 4) Our ambassador to the EEC (Brussels)--who is also the head of our Permanent Delegation to the European Communities--Nik. Dimadis, whose background is in France, where he used to be an associate professor in a university.

The Permanent Delegation

One of PASOK's first objectives as soon as it formed a government was to politicize the services of our Permanent Delegation to the EEC (Brussels) so as to gain full control over it.

The method used was to remove from this post and to reassign to public services in Greece certain of its officers who had been assigned to Brussels on the basis of wholly meritocratic criteria. It is characteristic that although many of these had been prepared and trained for their duties in the EEC, they were detailed to unrelated services in Greece.

These officers were replaced by friends of top-ranking PASOK officers or by fanatical green guards.

But besides these, others were assigned as well, with the consequence that the personnel of our Permanent Delegation to the EEC is almost double what it was under the New Democracy Party, when PASOK as the opposition party was accusing the former of maintaining a very large and by implication very costly representation in Brussels!

The Press Offices

The disrupting of the information services (press offices) abroad has been similar. Within the space of a year, directors or officers of the General Secretariat of the Press and Information who had served honorably for many years abroad and had distinguished themselves in upholding Greek interests were transferred overnight from the center of their activity to other areas in the world, thousands of kilometers away. And from there they were transferred to Athens.

This transfer of these people, which was not even direct to Athens but rather via their interim stationing for a number of months in another capital, was aimed at breaking down their morale. The same thing was aimed at (after they returned to Athens) with the reassigning of these from the General Press Secretariat to another public service!

It should be noted that these removals, transfers, and reassignments were all done within about 1 year (!), and that besides having effects on the psychological condition of the people transferred and leading to a complete disruption of the entire system of imparting information and enlightenment about our national issues at home and especially abroad, they also had significant economic consequences, because the expenses for these moves are paid for by the State.

But above and beyond this added burden, whereas the replacements for the unpropitiously transferred employees of the General Secretariat of the Press did not have any prior employment in such offices and were entering for the first time into this service, nevertheless it was stipulated that they receive the same salary as those whom they had replaced, even though those people had many years and probably even decades of prior service, and in any case were career employees.

Generally speaking, the socialist government is spending a sum ranging around 90 million drachmas annually for the payment of the salaries of the people in charge of the 26 press offices abroad. This sum is much higher than that which was spent by the ND administrations, because PASOK had the "bright idea" of establishing about 10 new press offices, many of which--if not all--are not needed. Because what can be the use in having press offices in the embassies in Algiers, Brasilia, Oslo, Mexico, Prague, Pretoria, Sofia, and so forth?

12114

CSO: 3521/361

REPORTED MUDSLINGING GROUP IN PASOK DENOUNCED

Athens AKROPOLIS TIS KYRIAKIS in Greek 12 Jun 83 p 3

[Article by Fotis Sioumbotras]

[Excerpts] Militant mudslingers are ruling in PASOK and are trying to wipe out anyone who they do not like or is a hindrance to their ambitions. In several cases they have succeeded. Their latest victim was Andreas Khristodoulidis, director of the Athens News Agency, member of the PASOK Executive Office and the prime minister's right-hand man on quite a few issues. This is the so-called "mudslinging group" which is composed--as even PASOK officials have charged at times--of ministers, deputy ministers, ministry secretaries and simple members of the movement.

They have at their disposal complete files which have come into their hands in a strange way, cassettes and conversations of people they followed, and documents--a majority of them false--which they use to blackmail those they have targeted.

Slanders

Even Prime Minister Andreas Papandreou is in a file. It is said that a powerful minister, a member of the Executive Office, has in his hands a voluminous file which concerns the prime minister--its contents are unknown--and is in a position at any moment to "sling mud" in Andreas' face.

Aside from Andreas Khristodoulidis, other victims of the mudslinging group thus far have been:

1. Former Minister of Coordination Ap. Lazaris, who they charged "associated with people from the Right," "helped the industrialists," "was the establishment's man," etc. In this way they succeeded in pressuring the prime minister to "rebuild" him and essentially eliminate him.
2. The former minister of industry, An. Peponis. They gave Andreas a cassette on which, according to information, were included excerpts of a conversation Peponis had with a PASOK official. Peponis--according to the contents of the tape--did not have good things to say about "Allaghi." With this method, they succeeded in having him eliminated from the government.
3. Stathis Panagoulis, against whom they tried to sling the mud of his being the "disruptor of PASOK" and the "man serving the opposition." This was because he

had the courage to resign from his post as deputy minister of interior and say "hogwash" to the prime minister.

G. Petsos

4. The former deputy minister of national defense, G. Petsos. What they said about him is not reported. The slanders against him began in a party mechanism in his particular birthplace and were continued in Athens at a "high" level. They called him a "Karamanlis man" and said he was financed before the elections by "people from the Right and industrialists," that he maintained relations with U.S. and rightist politicians, that his wife's uncle--as the rumor goes--financed the Right on Crete and they called him a "Trojan horse." All these to justify his "rebuilding," and to hurt him for the courage he had to accuse local party factors in his electoral district of being people of "doubtful moral character."

The mudslingers also tried to exploit the "Kaklamanis issue." As Kaklamanis himself maintained, they transmitted and distorted his meeting with D. Ioannidis. Mr. Papandreou had to intervene and speak to them to shut their mouths.

They also slung mud on former PASOK deputies D. Khondrokoukis, Ar. Bouloukos and Dimos Botsaris.

And Mrs. Fleming

Faked cassettes were used to blackmail Amalia Fleming (PASOK deputy). The mud-slinging group sent Papandreou a cassette which included Amalia Fleming's conversation with an "Intelligence Service" station-chief in Athens. Such "good work" was done in forging the tape that Mrs. Fleming was made to reveal herself as an agent of the British secret service.

Dishonest means were used to neutralize another important woman, Deputy Sylva Akrita. These "professional mudslingers" let it circulate widely that foreign agents had photographed Sylva Akrita "embracing a KKE deputy." Everyone knows about Mrs. Akrita's decorum, but she was harmed. She has not been made a deputy--despite the fact that she is most capable--and she is left out within the party. This rumor circulated shortly before the 1977 elections and Mrs. Akrita had not participated.

9247

CSO: 3521/350

RESULTS OF BASES NEGOTIATIONS SEEN GOVERNING POLITICAL SITUATION

Athens EPIKAIRA in Greek No 775, 9 Jun 83 p 19

[Text] The toughest and most critical negotiation in the U.S. bases issue is not being carried out at the official table between Mr. Kapsis and Mr. Bartholomew, but in the sanctuaries of the PASOK party machinery. This is believed by important political factors who, because of their position, know well what is going on behind the scenes in the talks and all the phases through which the issue has passed thus far. For this reason, they associate any result of the negotiations not with the tug-of-war of Greek demands and U.S. concessions, but with the political-party dilemmas faced by the government. In this spirit, any final decision of the government will indicate Mr. Papandreou's real intentions as concerns the political developments which he himself wishes to route in the next few months.

It is known that the economic ministers, headed by Mr. Arsenis, are pressuring the prime minister to proceed to the signing of a new Greek-U.S. agreement; they associate removal of the pending status with immediate and medium-term economic benefits. The immediate benefits have to do with the financial recompense of 500 million dollars which will alleviate somewhat our continually enlarging exchange deficit, while an indirect prospective benefit referred to is confidence being restored in the future of our national economy since the pendency with the U.S. is considered in a certain way a compass in the orientation of PASOK's foreign policy. Moreover, the signing of the agreement is presented by the same factors as a necessary stabilizing action towards the great mass of PASOK voters of centrist origin who are uneasy about the socialist experimentations and the government's quests in the sectors of both domestic and foreign policy.

Counterbalancing Tendencies

These pressures are meeting counterbalancing tendencies within the party machine, but also within the prime minister's leading staff. The prime minister himself apparently believes that KKE's recent opposition to the anti-strike law is simply a battle, not war. However much the party of the extreme Left is badly wounded by the new regulation, Mr. Papandreou is still hopeful that Mr. Florakis, with the help of "outside counselors," will weigh very calmly the benefits the Left derives from the exercising of PASOK's new "multidimensional" policy and will not wish "to endanger crucial gains for the sake of petty ambitions."

In other words, these estimations are based on the realization that PASOK-KKE relations are conditioned more by the foreign policy sector and less by domestic

issues. And if this actually happens, today is the most inappropriate moment for an auspicious outcome of Greek-U.S. negotiations since such a development would cause an immediate and definite breach between the two parties.

Those in the government who support the need to immediately sign the Greek-U.S. agreement are lined up also in favor of "clearing accounts" with KKE since, as they claim, the predicament will be presented sooner or later, given that the extreme Left is not disposed to come to elections as a rear officer of PASOK. Unless, they add, the government is inclined to become a rear officer of Mr. Florakis' party.

"Controlled" Breach

Those who are opposed to hastening a signing of the agreement also foresee the unavoidable pre-electoral breach of the two parties. But they believe that this breach will not have to be ideological--and consequently definite--but will be confined to political frameworks so the bridges with KKE are not cut.

It is certain that these opposing tendencies in essence touch on the definitive dilemma smouldering in PASOK--the dilemma of either a future collaboration with KKE, when the current governing party will not have a self-powered parliamentary majority, or the release of PASOK from every dependency in the area of the extreme Left and, consequently, KKE's isolation from any future form of governmental partnership. And it is equally clear that prolongation of the Greek-U.S. pendency, or the "fermenting" of the bases, serves the first target, while an auspicious outcome of the difference leads or contributes to the second solution. This is because one of KKE's primary conditions for accord on a minimum government program is the country's release from every allied commitment. The western alliance's attitude to the possibility of KKE--which is exceptionally, in West Europe, pro-Soviet--participating in a future Greek government is another matter....

Hesitations and Dilatoriness

These ruminations of the government are expressed with a tactic of hesitations and dilatoriness in handling the Greek-U.S. pendency. According to recent information, the long daily talks of Mr. Kapsis and Mr. Bartholomew are due to the Greek side submitting "corrective positions" in the files of negotiation issues thought to have been closed.

In fact, certain officials strongly criticize Mr. Kapsis, attributing to him unskillfulness and faulty maneuvers during the course of the talks, with the result that the Greek side appears sometimes inconsistent and sometimes contradictory in its aims. Reported characteristically is the amount of the financial recompense which, according to the set principle of previous governments, was negotiated only in connection with the corresponding aid to Turkey and in the frameworks of the seven-to-ten equilibrium. In recent days, however, it seems that Mr. Kapsis has broached the issue of a 500-million dollar increase, which obligates the United States to correspondingly increase the aid to Ankara. This despite Mr. Papandreou's recent statement that the sum in advance is in essence an oppressive loan....

It is not known how much the prolongation of negotiations is due to the Greek negotiator's mistakes. The certain thing is that the government is wavering between national and party expediencies. In party terms, it is of interest for the tendency to remain until the next elections. But this is politically feasible only in a case in which it seeks surprise elections in 1983, while it is more difficult if it aims at elections in June 1984, at the same time as Europarlament elections, and impossible if it envisages finishing out the four years. Thus, it is believed that the result of the Greek-U.S. negotiations specifies to a significant degree the development of our political affairs.

9247

CSO: 3521/350

MEASURES TO PREVENT FOREIGN CAPITAL INTRUSION IN NEWS SECTOR

Athens ETHNOS in Greek 10 Jun 83 p 7.

[Article by Akh. Khatzopoulos]

[Excerpt] The government is laying a barrier to the possibility of foreign capital invading the area of the daily political newspapers and to publishers selling shares to foreigners to procure capital.

With an article which will be added to the bill on "abolishment of censorship and measures to protect the youth," the Greek identity of the press is insured.

The newspapers' shares must belong nominally to Greek citizens.

The government is doing this "to protect the Greek daily press," said government representative Dimitris Maroudas on 9 June.

The measure was announced now as notification to aspirant foreign newspaper buyers so they will know that any shares they buy from October on--when the bill will be discussed in the full session of the Chamber--will not belong to them.

When asked if the government had information that Americans or other foreigners would be buying newspapers and thus is announcing the measure, the government representative answered: "Many things are being said and could happen. At the moment we do not have a foreign publisher in our country."

As the deputy press minister clearly stated, the government will implement the article regardless of whether it is in accordance or not with EEC regulations because: "It is an extremely national issue and the country must be protected."

No press company will be able any longer to sell shares to foreigners and the government considers the issue urgent "because we have definite considerations," said D. Maroudas.

The second article to be added to the same bill is that concerning protection of citizens from libellous press publications. There will be no restriction on the law's implementation, said the government representative and "every citizen, charwoman, minister, laborer or shoemaker can use it."

The thought prevails that the punishments will be heaviest if the mistake is not rectified.

Answering political writers' questions about the benefit of the law, the government representative stated that the government "has absolutely no intention of silencing the press."

'CHANGE' POLICY URGED TO INCLUDE OTHER SOCIAL FORCES

Athens ANDI in Greek No 235, 24 Jun 83 p 3

[Text] We do not believe that there has ever been an especially "brilliant" era in the political life of Greece, which we can use as a measure and reference point for what is being engineered today.

There has always been, even during periods of exceptional parliamentary calm, an undercurrent of tensions, clashes of power structures, which never come to public light, interventions of local and foreign forces, which guided developments up front from a behind the scenes position.

Despite all this, or even because of all that fearfully accumulated during the period of the Junta, the political reform has broadened the area and the meaning of political tolerance in the country. The respect for the legitimacy of the "other side," as an initiator of events and coshaper of developments, has prevailed and been proven through actions.

To be sure, under the cover of this "moderation," as the political tolerance was characterized, there developed a variety of purposes: that of the Right, on the one hand, to strengthen its political dominance and its autocratic regime, and that of PASOK, on the other hand, to prepare the conditions to supplant them both...

In fact, with each passing day, PASOK is narrowing the framework of political tolerance more, while under the "ND," it was demanding that it be broadened even more.

The manner in which government decisions are made, and worse yet, the manner in which it attempts to impose them on the people, causes repeated loss of confidence between PASOK and the other political and social powers, especially those of the Left.

In the long run, this fact will prove to be catastrophic, not only in the narrow sense of governmental policy, but for the very forces of the Left, which, as observers, do not make it easier to identify with the difficulties and responsibilities of the government.

We already have the "de-nationalization" in the matter of the bases, which is being dealt with as partisan-governmental maneuver by PASOK. To be sure, PASOK

neither attempted to make partners in its maneuvering with the other political forces, nor did any other party avoid the easy tactic of sloganeering nor the irresponsibility of awaiting the "final" outcome.

The same phenomenon, more strikingly visible, shows up in the economic maneuvering of the government. The coup-like changes of policy and the autocratic imposition of questionable measures--such as the famous Article 4--polarized the relations of the government and the other social and political forces of "Change."

Thus, we have reached the dangerous point where the government is now confronted by the most concerted attack on the part of industrialists, shipowners, of "monopolistic capital," as we say, while the Left is suspiciously observing the situation, having no confidence in the nature of the relations which the government is establishing with the other social groups.

It is significant that Papaligouras gained more support from the Left when he was being accused of being "pro-socialist" than did Arsenis, who was accused by the same groups of much "tougher" things...

Somehow this story does not augur well for all of us. To be sure, the basic responsibility is the government's which should have already understood that the "government of change" cannot govern isolated from the other social and political forces because then it will not change anything.

However, the role of the Left cannot be that of waiting from a safe position, to cash in on attrition in the government, but must be that of showing a political reason and social action which will force the government into a dialogue; thus, the Left would share the responsibility for the advancement of those things that the government may announce, but cannot, for one reason or another, implement by itself.

Otherwise, in the end, someone else will reap the fruits of the monologues.

9731

CSO: 3521/365

ND MAY SEEK THATCHER-STYLE FEMININE LEADERSHIP

Athens ETHNOS TIS KYRIAKIS in Greek 12 Jun 83 p 7

[Text] An unexpected development in the subject of the "dauphins." The great victory of the "Iron Lady" in the British elections shows that the combination of the blonde, establishment Maggie with the tough tongue and masculine brains felt the pulse of the elections.

Since the British do not have a fatherly model for a leader--Michael Foot is fit for grandfathers and there are the Alliance men with their ill-mannered family--the model of the strict "mama" triumphed.

Perhaps--they said--a female dauphin will have to be sought also in New Democracy?

Looking for the Thatcher, a "neo-democratic type," among the female deputies, we have:

Anna Synodinou, leading actress and former deputy minister, deputy from Athens, dynamic and firmly oriented to the "Religion-Family-Third Estate" triptych. She has a tendency to project and impose and a despotic manner analogous to Maggie's--officials in the women's department have bitter experience of her tendency to monopolize every activity. But that is another story! Next there is Froso Spendzari, deputy from Ileia, a pharmacist by profession, popular, with a warm personality and directness in her contacts with the world, especially the district from which she comes. Physically she has several "pros": She is blonde, with a fresh face, since she is much younger than Maggie. But, with her knowledge about medicines and a 19-month service in the Chamber, it is hard for her to confront the star of the National, Epidavros, the Irodeion [theaters], or the other Anna, Anna Benaki, a criminal law professor at Athens University, with a doctorate from the University of Bonn, and a Mitsotakian deportment in the Chamber! Although she has only 19 months of experience in the Chamber, she stubbornly pled for the Justice Ministry's bill and with serenity reaped the first fruits. The Parliamentary Work Group, the OKE of New Democracy, elected her president, with Mr. Taliadouros, a former minister, Mr. Brittakos and Mr. Katsaros under her. That is, the first step occurred.

At any rate, the contest will be far more sensational among the lady dauphins.

BRIEFS

AEROFLOT'S ATHENS-MOSCOW FLIGHTS--The new Soviet airbus Ilyushin 86 of Aeroflot arrived yesterday at Ellinikon Airport, thus inaugurating its weekly flights every Monday from Moscow to Athens and back. The new airbus has four turbine engines, can carry 350 passengers, and can develop a speed of more than 1,000 kilometers per hour. This is Aeroflot's newest model in the field of passenger transportation, and it will greatly facilitate the constantly increasing flow of visitors between the Soviet Union and Greece. [Text] [Athens TA NEA in Greek 22 Jun 83 p 7] 12114

U. S. 'SHOW OF FORCE' QUESTIONED--An influx of American warships into the Piraeus area. Nuclear-powered aircraft carriers, guided missile destroyers, frigates, and other tokens of American strength in its means of nuclear destruction have arrived or are expected. To what purpose is this show? Is this a coincidental meeting in Greek waters, or is it the planning of some presence or even intervention in the area of the Middle East, which finds itself once again in a state of unrest? Many questions arise. What is certain is that this show is not accidental, and this gives a concrete answer to the constant striving of the countries in this area for a Mediterranean without any foreign fleets. When will the military chiefs in the American Pentagon understand that the familiar method of gunboat diplomacy is no longer successful? [Text] [Athens EXORMISI TIS KYRIAKIS in Greek 18 Jun 83 p 32] 12114

CSO: 3521/361

POLITICAL

PORTUGAL

PCP LEADER INTERVIEWED ON PRAGUE PEACE ASSEMBLY

LD111111 Bratislava Domestic Service in Slovak 1630 GMT 10 Jun 83

[Text] At the end of the visit to Portugal by the CPCZ Central Committee delegation headed by Vasil Bilak, member of its Presidium and secretary of the CPCZ Central Committee, Alvaro Cunhal, secretary general of the Portuguese Communist Party [PCP] granted an interview to our special correspondent Petr Nemec.

[Nemec] Comrade Cunhal first summarized the results of the talks with the Czechoslovak party delegation in these words:

[Begin Cunhal recording in Portuguese with superimposed Czech translation] The visit of the CPCZ delegation led by Vasil Bilak is a part of the fraternal relations between the two parties. The talks were conducted, as is already customary and characteristic for the relations between our Communist parties, in an atmosphere of friendship, comradeship and sincerity. We not only had the opportunity to inform each other about the situation in our parties and countries but also exchanged views on international issues and the problems of the defense of peace. It has been shown in the talks that the two sides are deeply involved in the struggle against the arms race and against the deployment of new missiles in Europe, although the conditions under which this fight is waged are different in the two countries. The talks were also about relations between the two communist parties. We have bilateral profound interests in strengthening these friendly relations and mutual cooperation. But this is not the only thing that matters. The PCP and also the CPCZ are convinced that cooperation between them is a very important contribution to the advancement of friendly relations between the peoples of Portugal and Czechoslovakia and also for the successful development of relations between the two states. So we believe that this visit will be reflected also in relations between our peoples and states. Both sides have great interest in relations and their favorable development. [End recording]

[Nemec] The visit took place at the time when the coalition government of the Portuguese Socialist and Social Democratic parties led by Mario Soares was inaugurated. This provided me with the opportunity to ask what was the assessment of the Portuguese communists of the internal political development. Comrade Cunhal answered:

[Begin Cunhal recording in Portuguese with superimposed Czech translation]
We are convinced that the rightwing policy which the new government intends to follow will be defeated in the same way as the policies of the previous governments were defeated. The struggle is continuing, we have a strong workers' movement; we have a broad popular base. Our peoples are devoted to the ideals of the April 1974 Revolution which relieved Portugal of the fascist dictatorship. Although the struggle will certainly be tough, the victory will be ours, as we say in Portugal. [End recording]

[Nemec] Alvaro Cunhal said about the course of the Portuguese delegation at the prepared World Assembly for Peace and Life Against Nuclear War in Prague:

[Begin Cunhal recording in Portuguese with superimposed Czech translation]
The Prague Assembly is in our view a very important initiative because representatives of the most various social groups and of political and religious forces will meet there. The official Portuguese delegation will also be present in Prague. It will not be a party delegation but a delegation which in its composition will represent the most various groups of the Portuguese general public. Our party will be represented too. The Portuguese delegates will certainly be asserting positive stances, by their own proposals and also by their principle-based stance on the proposals of the USSR and the countries of the socialist community in the interest of detente, halting the arms race and achieving progress in disarmament. These proposals form the base for making the current talks between socialist and capitalist states successful. We are convinced that the Prague Assembly will be successful and that the Portuguese side too will contribute to the defense of peace. [end recording]

CSO: 2400/343

STATUS OF MILITARY HELICOPTER TO BE PURCHASED

Brussels LE SOIR in French 10 Jun 83 p 7

[Article by Pierre Bary: "Belgian Military Helicopters: Dead Heat Among French, American, and German Competitors"]

[Text] When in February 1983 the Belgian Government approved the acquisition of 44 additional [General Dynamics] F-16 aircraft to replace the Mirage planes, it also approved two other military programs that were no less urgent: The modernization of the artillery and the replacement of the Alouette helicopters.

While American ordnance was chosen for the artillery, not all the assessments are complete for the helicopters.

However, one thing is sure: The decision has to be made during 1983, as noted on several occasions by Belgium's minister of national defense, Alfred Vreven.

A decision is all the more imperative as the gradual phasing out of the Alouette helicopters is scheduled to begin in 1987. These had entered service in 1959, that is, a quarter of a century ago.

The general staff's plan is no longer to rely on observation and liaison helicopters but rather to buy equipment with antitank capabilities. Of the 46 helicopters to be purchased, most should be equipped to carry long-range antitank missiles.

During firing the operator aims at the target and the missile locks itself automatically on this line of sight.

A Multipurpose Craft

Should Belgium envision the acquisition of light helicopters intended for observation missions and other, heavier helicopters intended for attack missions? Or should Belgium buy multipurpose helicopters able to accomplish the two types of missions?

Both possibilities have been considered by the Ministry of National Defense which, among the light helicopters, has chosen the BO-105 of the MBB Messerschmitt-Bolkow-Blohm (FRG), the SA-342 and AS-355 of Aerospatiale (France), the A-109 of Augusta (Italy), and the 206-1 of Bell and 500 MD of Hughes (United States).

Among the multipurpose helicopters, one finds the same European competitors plus the British WG-13 built by Westland. Germany is represented by MBB's BK-117, France by Aerospatiale's Dauphin SA-365, and Italy by Augusta's AB-412.

On the American side the only firm in the race is Sikorsky, which is offering a wide range of high-performance attack helicopter models though these do not meet the criteria set by our Ministry of National Defense. The latter feels that the civilian S-76 model would be completely appropriate if its military version could be equipped with antitank missiles. As the American manufacturer demonstrated at the Farborough air show and confirmed more recently at the Bourget air show where there was much talk of the Belgian helicopter deal, nothing prevents this kind of conversion any longer. Sikorsky already has one foot in the door here as an affiliate of United Technologies from which Belgium has ordered F-100 engines to power our F-16 combat planes.

It is not completely coincidental if, at the time of the demonstrations, the helicopter was equipped with weaponry produced by the Belgian Herstal plant.

Fallout from the Bourget Air Show

A little over 200 of the Sikorsky S-76's, designed as support helicopters for the operation of oil-drilling platforms, have been produced in the last 4 years.

Today the S-76 appears as a challenger to the Dauphin which has often been mentioned at the top of the list of possibilities to replace Belgium's Alouette helicopters. Following the Bourget air show which closed last weekend, the S-76 made a stopover in our country on Wednesday for demonstration fly-bys at the Deurne airport.

Its German competitor, the BK-117 of MBB, which is not badly positioned in the contest either, arrived the previous day at the Gosselies airport, also for demonstration flights.

This helicopter, built in cooperation with Kawasaki, is, like its competitor, powered by two engines. It can undertake multiple missions and carry up to 11 passengers in a closely packed configuration.

As for the Dauphin SA-365 which is mentioned as the favorite, it has not been seen again in Belgium these past few days. The French entry has become a familiar sight here and with over 300 helicopters sold by now, is one of the models with the largest number of sales in this category. With its roll-out in the spring of 1979, the Dauphin thus belongs to the same generation of helicopters as the Sikorsky.

All this equipment represents proven technology. Alfred Vreven's decision will not be easy. Besides the criteria of cost and performance, the minister will also have to consider the economic fallout of such a purchase, as is now the case for all orders of military equipment.

2662

CSO: 3619/71

KKE SEES HEAVY LOSSES FROM NATO PARTICIPATION

Charge Made

Athens RIZOSPASTIS in Greek 17 Jun 83 p 1

[Text] Greece had a loss of 2.8 billion drachmai in 1982 in its dealings with the NATO wolfpack alliance. According to official data of the Finance Ministry (preparation of income-expenditures budget), the Greek government received the sum of 819.5 million drachmai from NATO for the construction of various cold-war projects on our soil while it spent a total of 3.637 8 billion drachmai for this construction. The Greek government lost 2.813 3 billion drachmai.

In relation to 1981, the net loss--at least the one shown in the official data--from our participation in the cold-war alliance increased fourfold. Thus, while in 1981 the Greek government suffered a loss of 652.1 million drachmai because of its participation in NATO, this year the economic loss reached 2.8 billion drachmai.

Governmental Denial

Athens I VRADYNI in Greek 18 Jun 83 p 14

[Text] "Totally incorrect," a government spokesman yesterday characterized the title and contents of a RIZOSPASTIS article, according to which Greece is alleged to have suffered a loss of 2.8 billion drachmai from its participation in NATO.

The government spokesman said, in essence:

"The title and contents of the article are totally inexact because every year the expenditures for NATO projects in Greece and for the operation of the firing range in Crete are exactly equal to the income received from deposits made by the member nations and users of the firing range, respectively.

"There are two separate accounts in the Bank of Greece, one for NATO and one for the firing range in Crete, which have no relation with the accounts of the government's budget. The only relation that exists is that the expenditures, which must be made, are credited, for accountability purposes only, to government budget revenues in order to balance out.

"The NATO member nations deposit to each account credits in foreign exchange and whatever expenditure for the above-mentioned projects is necessary is withdrawn from these accounts, which means that no expenditure is made unless there are currency deposits by the member nations."

Government's 'Hypocrisy' Stressed

Athens MESIMVRINI in Greek 20 Jun 83 p 4

[Text] With amazing speed and accuracy, the government hastened to answer an article by RIZOSPASTIS about Greek expenditures on NATO projects. The response was published in all the pro-government newspapers in a most visible spot and within boxes with huge titles. Here, the change is now standing accused and we must defend it against the "Red lies!..." What happened, however, a few years ago?

But let's see how things developed up to this stage:

Friday, RIZOSPASTIS published a report that "Greece suffered a loss of 2.8 billion drachmai in its dealings with the "wolfpack alliance" of NATO. According to official data of the Finance Ministry, the Greek government received in 1982, 819.5 million drachmai for the construction of various cold-war projects in our country and spent for these projects 3.637 8 billion drachmai. It lost 2.818 3 billion drachmai...In other words the Greek participation in NATO increased fourfold as compared to 1981...!

This was a very harsh accusation against the government during a time of crisis and on the eve of ...heroic decisions. It is evident that the government was annoyed more by the finding of the communist organ that the socialist government, which had promised to deliver the country from the "hooks of NATO" and from the "Bases of death," not only did not keep its promises, but increased fourfold the giving "of the blood of the Greek people" to the alliance.

Within a few hours the newspapers--all the newspapers by then--received a detailed answer from the government which rejected the allegations of the KKE organ.

"To begin with, there is no connection between the State budget and the expenditures for the operation of the firing range in Crete, which NATO uses... every year the expenditures for NATO projects in Greece and for the operation of the firing range in Crete are exactly equal to the income received from the deposits made by the member nations and users of the firing range respectively... There are two separate accounts in the Bank of Greece, for the firing range in Crete, which have no relation with the accounts of the government budget..."

All is clear and orderly "every year" as the government announcement says. Only it omits one more detail: that Greece receives money in foreign exchange; and another one: that the European officers trained at the firing range live and, naturally, spend their money in our country... Without taking into account many other advantages which are not evident for the time being... For this reason, the Italians and the Turks have moved heaven and earth to have the firing range on their soil...

Yes, but this took place before, that is, in 1978-81, at the time that PASOK was influencing the Greek people with demagoguery on these subjects in an unprecedented way in the annals of our politics. Fourteen queries and inquiries had been submitted in the Chamber of Deputies by PASOK in the 1977-81 period alone on the subject of the firing range and the NATO projects. Then, Mr. Karamanlis and later Mr. G. Rallis were "throwing away" the money of the Greek people on "cold-war projects"--the expression is theirs and the KKE found it handy to use--and were jeopardizing the lives of the Greeks! Remember the dangers to which the villages of Khania were subjected by the missiles gone astray(!). The "uncontained fury of the Soviets." The "threat of reprisals!"

Now all this has been forgotten and the KKE is denounced as "lying." The cold-war projects have become national or, in any event, painless for the Greeks. Woe to you hypocrites...

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EVO PROGRESS IN ARTEMIS 30 SEEN SOURCE OF PRIDE

Athens ETHNOS TIS KYRIAKIS in Greek 19 Jun 83 p 13

[Text] It shoots down three aircraft in 16 seconds. It fires 800-925 rounds per minute (whereas similar foreign designs have only reached 600-650).

It is the only weapons system that has been built by the Greek Arms Industry in the 4 years of its life.

It has been built so as to meet every type of threat from the air. It is the anti-aircraft "Artemis 30." Over and above this: the "Artemis 30," which worried suppliers, middlemen and all the hangers-on, is a fledgling which we are to show abroad. It is the result of hard work. It is a diamond coming out of the dry earth. It is the self-respect which achieves great deeds in a poor country such as ours. It surprises everyone.

The president of EVO [Greek Arms Industry] Vikendios Arsenis, today believes that a new kind of Greek is being formed in the factories of EVO.

The Needs

"They are all those who are conscious that we must satisfy the real needs of our country. First, to offer the indispensable materiel to the Army and then to help strengthen our economy. It was, and still is, hard to succeed. For some time now we came to understand that we must exploit the progress of the foreigners in order to succeed ourselves."

The Greek Arms Industry was set up in 1979. Within 2 years its men designed our first weapons system, the "Artemis 30." Then all kinds of middlemen became worried.

It is certain that not many of them were able to provide dowries for their daughters out of selling supplies. The progress of EVO began to affect their critical interests. They then devised all kinds of machinations.

They began with a ball-bearing of questionable importance and ended by maintaining that the "Artemis 30" is not a Greek project, but a foreign one, and that we copied it. Their aim was to tarnish the prestige of EVO.

These circles managed to circulate a series of reports with some credibility.

However, even if it were true that EVO had copied a foreign system, since it was able to meet the needs of the Army and to fill foreign orders, where was the crime?

Still, the main advantage from all this was:

With "Artemis 30" we did not have to buy technology from abroad.

An example shows how serious this is:

The foreigners can sell us a ball-bearing for 80 drachmai. Then, they tell us, "We will sell you 100 ball-bearings. Eighty of them will be assembled. We will also show you how to assemble one part of them to gain the know-how. However, in order to gain this know-how, you must pay 100 drachmai for each ball-bearing."

This know-how they call "offset." Usually they "forget" to give us even that.

The Swiss have yet to give us the "offset" for the anti-aircraft guns ordered by Mr. Averoff when he was minister of National Defense.

With "Artemis 30," the terms are reversed. Until today, if an automobile firm gave us a license to assemble one of its automobiles here, it sold us the parts, it set conditions on the specifications, it even set the sale price, the only thing left for us to do was the garage work. Now, with the "Artemis 30" a new era is rising in the area of Greek manufacturing.

As Mr. Arsenis says, "Until now, Greek manufacturing was subject to others. He assembled whatever they gave him. Today, however, it is we who place the orders. Foreign firms, larger than we, worked for us within time limits set by us and for prices we had set."

Components

The "Artemis 30" is built today with three different components:

1. With those purchased already assembled abroad such as the "laser" sets. All of these are purchased abroad with a view to being manufactured here later on or for coproduction;
2. With materials which are manufactured exclusively, and only, in Greece;
3. With materials manufactured abroad on our account, under our instructions and our design, such as the servomechanisms.

All the effort is contributing at least 60 percent of the manufacturing of the entire system in Greece. One-fifth of its production meets Greek needs and 4/5, the expected foreign orders.

The contracts with the foreign firms which manufacture the components for "Artemis 30" speak clearly on this subject:

"Greece has the exclusive rights for building the "Artemis 30."

Today, the officials of EVO believe that we are now competitors of the foreigners because we offer a finished product. And this is what counts in the end, whether "Artemis 30" is an anti-aircraft system or a simple pistol.

How did the idea begin? From the "necessity is the mother of invention."

At an undetermined point, it was ascertained that Greece was lacking significantly in anti-aircraft protection.

Vikendios Arsenis continues:

"We would have had to obtain them abroad or to make them here in a short time. At EVO we already had a machine for making barrels. We said, 'Since there is a need for anti-aircraft barrels, we will make them.' On 16 October we signed the contract for manufacturing the 'Artemis 30.' No one expected us to build it."

"Mauser"

Not only were they able to build it. They were able to produce a "Mauser" gun with cold steel which means greater durability than usual. And while it takes "Mauser" 8 hours to produce a gun, at EVO it takes 20 minutes.

The "cliques" have spread the word:

"It's not that great a gun, and for this reason, it is sold only in the Third World."

The EVO's answer is:

The "Artemis 30" has been built to NATO specifications. In order to be accepted, however, certain bureaucratic procedures which take time are needed.

This was the background of "Artemis 30." It was born and bred in Greece. Certainly, there are those who will be upset because they had planned to give to their daughters expensive villas as dowries. However, there was no more momentous event for the Greek Arms Industry than the one where the deputy minister of Defense, Mr. Zakolikos, told the minister of Defense of France, Mr. Hernu, at the Bourget exposition:

"I came to sell, not to buy."

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COMPULSORY MILITARY SERVICE FOR WOMEN STUDIED

Athens TA NEA in Greek 22 Jun 83 p 1

[Text] The government is studying the regular compulsory service for women--as it is applied to men--according to a statement made yesterday by deputy minister for National Defense, Mr. Andonis Drosogiannis.

At the same time, the enlistment of women volunteers in the three services is being discontinued--because the available positions have already been filled--and the possibility of women attending the Armed Forces Academies (Military, Air Force and Naval) is being studied so that they be able to attain higher ranks as officers.

Yesterday's complete and accurate statement of Mr. Drosogiannis is as follows:

"The enlistment of women volunteers in the Armed Forces is discontinued. The possibility of regular drafting of conscript women and their attendance at the Armed Forces Academies is being studied."

It is to be noted that a number of letters from women, both in and out of the service, asking for the application of the article of the constitution which establishes the equality of sexes, has reached the office of the deputy minister of Defense. It is precisely the application of this article which gives the government the possibility to use men and women on equal terms.

The possibility of regular compulsory service for women had been studied by the previous government of the New Democracy which proceeded in the enlistment of women volunteers in the three services in order to create the understructure for the application of the measure.

The women officers, non-commissioned officers and enlisted ranks, who serve as volunteers in the Army, Navy and Air Force have already filled all existing vacancies.

For the time being, the compulsory service of women is, of course, at the study stage and it is not known if and how the measure is ever going to be applied. Before that, it will be necessary to train women officers to train women soldiers, to build new facilities for the women to be called up, etc.

END OF

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